

VZCZCXRO1002
PP RUEHB1 RUEHRC
DE RUEHSO #1059 2781314
ZNR UUUUU ZZH
P 051314Z OCT 06
FM AMCONSUL SAO PAULO
TO RUEHC/SECSTATE WASHDC PRIORITY 5861
INFO RUEHBR/AMEMBASSY BRASILIA 6915
RUEHRG/AMCONSUL RECIFE 3159
RUEHRI/AMCONSUL RIO DE JANEIRO 7488
RUEHMN/AMEMBASSY MONTEVIDEO 2168
RUEHBU/AMEMBASSY BUENOS AIRES 2481
RUEHSG/AMEMBASSY SANTIAGO 1875
RUEHLP/AMEMBASSY LA PAZ 3051
RUEHCV/AMEMBASSY CARACAS 0387
RUEHBI/AMCONSUL MUMBAI 0010
RUEHAC/AMEMBASSY ASUNCION 2794
RHEHNSC/NSC WASHDC
RUCPDOC/USDOC WASHDC 2585
RUEATRS/DEPT OF TREASURY WASHDC
RUEHC/DEPT OF LABOR WASHDC

UNCLAS SAO PAULO 001059

SIPDIS

SIPDIS

DEPT FOR WHA/BSC, WHA/EPSC, EB
AID/W FOR LAC/AA

E.O. 12958: N/A

TAGS: [ECON](#) [ETRD](#) [EINV](#) [EFIN](#) [EAGR](#) [EAID](#) [BR](#)

SUBJECT: AMBASSADOR INAUGURATES THE USAID-SPONSORED PARAISOPOLIS ELECTRICITY PROJECT

¶1. Ambassador Sobel participated in a September 27 ceremony to inaugurate the USAID Paraisopolis Slum Electrification and Loss Reduction (SELR) Program. Close to 100 people attended the ceremony. In his comments, the Ambassador emphasized the importance of the project itself and the rapport between both United States and Brazil in similar endeavors. The Ambassador praised USAID's support of the project while simultaneously highlighting the significance of the private sector involvement. The ceremony was attended by the project's private sector partners and others, including AES-Eletropaulo President Eduardo Jos Bernini, International Cooper Association (ICA) Regional Director Glycon Garcia Junior, USAID/EGAT Energy Team Leader Simone Lawaetz, representatives from the City of Sao Paulo (municipality), SEHAB (housing), SABESP (water utility), ANEEL and CSPE (electricity regulatory bodies), NGOs, community leaders, politicians, and consultants.

¶2. Recognizing the very large, growing number of slum residents lacking legal and affordable access to electricity in developing countries, the U.S. Agency for International Development (USAID), in cooperation with the International Copper Association (ICA), launched the SELR Program in October 2005. Since then, SELR has selected two cities in two countries (Sao Paulo and Mumbai, India) in which to develop, test and evaluate sustainable and widely-replicable approaches for increasing access to electricity services for low-income, urban consumers.

¶3. In Brazil, AES-Eletropaulo (AES), USAID, ICA, and Nexans-Brazil (a leading global cable manufacturer) are working to regularize electricity services in Paraisopolis, a favela (slum) in the middle of Sao Paulo. It is the second largest favela in Sao Paulo and, like most other favelas, is an informal community that lacks most municipal services and is home to families that migrated from rural areas over the years. Located in a large ravine, Paraisopolis has a physically challenging geography and is surrounded by middle- and upper-income residential areas.

¶4. The total cost of the Pilot is estimated to be about USD 1.85 million. USAID is providing USD 429,000. Also, SELR Program is currently seeking complementing funds to develop a sustainable mechanism for making legal electricity service affordable by replacing highly inefficient refrigerators and other appliances with

new, efficient ones. Negotiations with Whirlpool, which has demonstrated interest in working with this partnership, are currently ongoing. Whirlpool's participation may include the development of a scheme for households to repay Whirlpool for an efficient appliance using cost savings from decreased electricity bills, rebate programs, and the design of an efficient refrigerator that meets the specific needs of favela households.

¶5. This cable was coordinated with Embassy Brasilia and cleared by Ambassador Sobel.

MCMULLEN